

Message Text

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ACTION IO-13

INFO OCT-01 ISO-00 OIC-02 AF-08 ARA-06 EA-07 EUR-12 NEA-10

OMB-01 TRSE-00 ABF-01 EB-07 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 USIA-06 PRS-01 SP-02 FEAE-00 AGRE-00 /139 W

----- 016698

R 271430Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5920

INFO AMEMBASSY BONN

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

USMISSION GENEVA

AMEMBASSY THE HAGUE

USMISSION USUN NEW YORK

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E.O.11652: N/A

TAGS: AORG, UN, UK

SUBJECT: GENEVA GROUP: FRENCH PROPOSAL

REF: STATE 233200

SUMMARY. NOT MUCH SUPPORT CAN BE EXPECTED IN GENEVA
GROUP FROM BRITISH FOR FIRM BUDGET LEVEL CEILINGS OR FOR
FIRM DETERMINATION TO INSURE THAT SUCH CEILINGS ARE RES-
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PECTED. THOUGH SHARING OUR CONCERNS OVER BUDGET LEVELS

AND ANXIOUS TO HALT THEIR UNBRIDLED GROWTH, UK QUESTIONS PRACTICALITY OF SETTING CASH LIMITS AS PROPOSED BY FRENCH AND CREDIBILITY OF ANY PERSUASIVE ACTIONS SHOULD CEILINGS BE EXCEEDED UNLESS RECOURSE IS MADE TO SANCTIONS. FCO FEELS ONLY LOGICAL SANCTION, WITHHOLDING CONTRIBUTIONS, WOULD BE UNACCEPTABLE TO PRESENT GOVERNMENT. END SUMMARY.

L. AS REQUESTED REFTEL, WE APPROACHED UN DEPARTMENT, FCO, SEPTEMBER 23RD, DESCRIBED THE TWO ELEMENTS OF THE FRENCH PROPOSAL DEEMED CRITICAL BY USG AND ASKED IF UK IS WILLING TO JOIN IN SETTING CEILINGS ON SPECIALIZED AGENCY BUDGETS AND ANY SUBSEQUENT PERSUASIVE ACTION WHICH MAY BE NECESSARY. JOHN SYMONS, DEPUTY HEAD, UN DEPARTMENT, REPLIED THAT UK DEL WAS SURPRISED IN JULY WHEN EVERYONE AGREED THAT STEPS MUST BE TAKEN TO COME TO GRIPS WITH THE "COMING BUDGETARY CRISIS." UK MADE IT CLEAR THAT IT SHARED THIS CONCERN AND WISHED TO PROCEED WITH ATTEMPTS TO RESOLVE THE CRISIS. THE FRENCH APPROACH, WHICH SYMONS DESCRIBED AS SIMPLISTIC, WAS NOT, HOWEVER, DEEMED APPROPRIATE.

2. FOLLOWING JULY MEETING, DISCUSSIONS WITHIN WHITEHALL REVEALED DEEP CONCERN AMONG MINISTRIES SUCH AS AGRICULTURE AND ENVIRONMENT OVER IMPRECISE NATURE OF FRENCH PROPOSAL AND IMPRACTICALITY OF THE UNDERLYING THEME. THERE WAS, NONETHELESS, RECOGNITION THAT SOMETHING HAD TO BE DONE AND A WILLINGNESS TO DISCUSS FURTHER HOW TO TACKLE THE SITUATION. AT SEPTEMBER MEETING, UK DEL WAS IN A DILEMMA. ON THE ONE HAND UK WANTED TO PROMOTE MOVEMENT TOWARD MORE RATIONAL UN BUDGETS. ON THE OTHER, IT WAS CONSTRAINED BY THE VARIOUS WHITEHALL MINISTRIES WHICH DEAL WITH INDIVIDUAL UN AGENCIES AND DO NOT ACCEPT THE PRACTICALITY OF CASH LIMITS.

3. AT THE CURRENT MEETING IN GENEVA, THE UK DEL HAS BEEN INSTRUCTED TO STATE THAT UK IS AWARE OF THE PROBLEM, WILLING TO TAKE ACTION ON IT, AND PREPARED TO CONTINUE TO PARTICIPATE IN DISCUSSIONS ON WAYS AND MEANS OF CUTTING BACK ON UNBRIDLED QROWTH IN UN BUDGETS. ALSO, UK DEL WILL STATE WILLINGNESS TO ATTEND PROPOSED OCTOBER 7-8

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MEETING IN ORDER THAT THIS SUBJECT MAY BE DISCUSSED FUR-

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ITC-01 USIA-06 PRS-01 SP-02 FEAE-00 AGRE-00 /139 W

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FM AMEMBASSY LONDON

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INFO AMEMBASSY BONN

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THER.

4. WE ASKED SYMONS WHAT UK WOULD SUGGEST AS AN ALTERNATIVE TO THE FIRM BUDGET LEVEL CEILINGS CITED REFTL. HE SUGGESTED THAT RATHER THAN A CRUDE CASH LIMIT CEILING, UK WOULD PREFER TO LOOK AT THE LEVEL OF REAL GROWTH ENVISAGED. THIS, COMBINED WITH SOME CONSIDERATION OF CASH

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INFLATION, WOULD ALLOW THE VARIOUS ORGANIZATIONS TO ACCOMPLISH THEIR PRESENT PROGRAMS. AT SAME TIME, IT WOULD REQUIRE THEM TO CUT BACK ON OR END OBSOLETE OR MARGINAL ACTIVITIES SHOULD INFLATION, ADMINISTRATIVE COSTS, OR OTHER MORE ESSENTIAL PROGRAMS MAKE ADDITIONAL DEMANDS ON THEIR RESOURCES. THERE IS NO FORMAL POSITION WITHIN WHITEHALL ON THIS YET, BUT A FORMULA PROVIDING FOR 2 PERCENT REAL GROWTH AND 10 PERCENT INFLATION OVER THE NEXT TWO YEARS MIGHT BE SALABLE TO THE SPONSORING MINISTRIES.

5. HOWEVER, SYMONS ACKNOWLEDGES THAT THERE MUST BE SOME FORM OF SANCTIONS TO ENFORCE SUCH A FORMULA. LOGICALLY, THIS WOULD BE THE WITHHOLDING OF CONTRIBUTIONS. HOWEVER, IT IS UNLIKELY THAT ANY SUCH ACTION WOULD BE WELCOMED BY A SOCIALIST GOVERNMENT WHICH IS CONCERNED THAT IT BE SEEN INTERNATIONALLY AS BEING RESPONSIVE TO THE DEMANDS AND CONCERNS OF THE THIRD WORLD. AS AN ALTERNATIVE, SYMONS POINTED OUT THAT THE MAJOR DONORS HAVE FOUND IT PRODUCTIVE TO DISCUSS WITH THE SECRETARY GENERAL THE LEVEL OF GROWTH WHICH THEY ARE WILLING TO FUND IN THE REGULAR UN BUDGET. HE FEELS THE RECENT REAL GROWTH IN THE UN BUDGET OF ONLY ABOUT 4 PERCENT IS A REFLECTION OF THIS INFLUENCE. IT IS POSSIBLE THAT CONSIDERABLE WEIGHT WOULD BE GIVEN TO THE CONCERTED VIEWS OF THE GENEVA GROUP BY THE SPECIALIZED AGENCIES.

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